



State of Idaho

Legislative Services Office

Individual Entity Audit Report

A communication to the Joint Finance-Appropriations Committee

NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)

FY 2008-2009

Report OP95209
Date Issued: March 25, 2010

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

Idaho Legislative Services Office
Legislative Audits Division

**NORTH CENTRAL DISTRICT HEALTH
DEPARTMENT (II)**

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of the North Central District Health Department (II) for the fiscal years ended June 30, 2008 and 2009, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that the District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report.

PRIOR FINDING AND RECOMMENDATION

There was one finding and recommendation in the prior report as follows:

Internal control weaknesses exist in the process for preparing the financial statements and note disclosures.

We recommended that the District review the internal controls over preparation of the financial statements and notes and strengthen the process as appropriate. The review should include the process for ensuring the completeness and accuracy of the financial statements and note disclosures.

The District has implemented several new internal controls and strengthened others to ensure the completeness and accuracy of the financial statements and note disclosures.

STATUS – CLOSED

AGENCY RESPONSE

The District has reviewed the report and is in general agreement with its contents.

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, the North Central District Health Department and the District's Board, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Carole Moehrle, and her staff.

ASSIGNED STAFF

Eugene Sparks, CPA, CGFM, Managing Auditor

Kathleen Watkins, CPA, In Charge Auditor

Elizabeth Yturalde, CPA, CGFM, Staff Auditor

Wade Kimball, Staff Auditor

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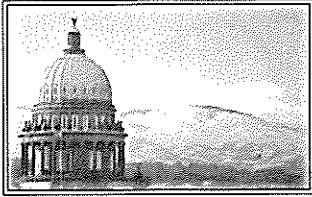
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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 25, 2010

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Carol Moehrle, Director
North Central District Health Department (II)
215 10th Street
Lewiston, ID 83501

Gary Morris, Chair
District II Board of Health
215 10th Street
Lewiston, ID 83501

Dear Ms. Moehrle and Mr. Morris:

We have audited the accompanying basic financial statements of the governmental activities, major fund, and the remaining fund information of the North Central District Health Department (II), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the remaining fund information of the District as of June 30, 2008 and 2009, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

Mike Nugent, Manager
Research & Legislation

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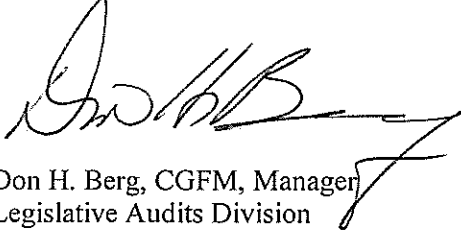
internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 14 and 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008 AND 2009

	June 30, 2008 Governmental Activities	June 30, 2009 Governmental Activities
ASSETS		
Cash	\$29,492	\$5,820
Investments	2,793,460	3,123,741
Interagency Receivables	132,890	99,355
Accounts Receivable	441,063	469,376
Capital Assets:		
Nondepreciable	545,455	545,455
Depreciable, Net (Restated)	3,003,021	2,930,819
Total Assets	<u>\$6,945,381</u>	<u>\$7,174,566</u>
LIABILITIES		
Accounts Payable	\$29,420	\$37,887
Payroll and Benefits Payable	126,222	123,636
Compensated Absences	148,393	124,667
Deferred Revenue	138,882	47,519
Total Liabilities	<u>\$442,917</u>	<u>\$333,709</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$3,548,476	\$3,476,274
Unrestricted	2,953,988	3,364,583
Total Net Assets	<u><u>\$6,502,464</u></u>	<u><u>\$6,840,857</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2009

FY 2008	PROGRAM REVENUES			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
<u>PROGRAMS</u>				
Governmental Activities:				
Board of Health	\$28,424	\$0	\$0	(\$28,424)
Administration	128,487	0	0	(128,487)
Family and Community Health	1,983,220	488,728	1,052,251	(442,241)
Environmental Health	589,412	241,421	117,755	(230,236)
Health Education	1,043,248	11,335	1,132,317	100,404
General Support	877,222	36,622	0	(840,600)
Total Governmental Activities	<u>\$4,650,013</u>	<u>\$778,106</u>	<u>\$2,302,323</u>	<u>(\$1,569,584)</u>
General Revenues:				
State General Support				\$935,900
Interest Income / Gain on Investments				174,123
County Contributions				691,882
Total General Revenues				<u>\$1,801,905</u>
Change in Net Assets				232,321
Beginning Net Assets (As Restated)				<u>6,270,143</u>
Ending Net Assets				<u>\$6,502,464</u>

<u>FY 2009</u>	<u>PROGRAM REVENUES</u>			Net (Expenses)
<u>PROGRAMS</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
Governmental Activities:				
Board of Health	\$20,784	\$0	\$0	(\$20,784)
Administration	138,323	3,445	0	(134,878)
Family and Community Health	1,987,939	466,869	1,168,117	(352,953)
Environmental Health	587,303	203,896	118,111	(265,296)
Health Education	1,072,964	13,685	1,093,510	34,231
General Support	743,214	48,965	0	(694,249)
Total Governmental Activities	<u>\$4,550,527</u>	<u>\$736,860</u>	<u>\$2,379,738</u>	<u>(\$1,433,929)</u>
General Revenues:				
State General Support				\$919,400
Interest Income / Gain on Investments				140,281
County Contributions				712,640
Total General Revenues				<u>\$1,772,321</u>
Change in Net Assets				338,392
Beginning Net Assets				<u>6,502,464</u>
Ending Net Assets				<u>\$6,840,856</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2008 AND 2009

	June 30, 2008 Special Revenue Fund	June 30, 2009 Special Revenue Fund
<u>ASSETS</u>		
Cash	\$29,492	\$5,820
Investments	2,793,460	3,123,741
Interagency Receivables	132,890	99,355
Accounts Receivable	441,063	469,376
Total Assets	<u>\$3,396,905</u>	<u>\$3,698,292</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities		
Accounts Payable	\$29,420	\$37,887
Payroll and Benefits Payable	126,222	123,636
Deferred Revenue	138,882	47,519
Total Liabilities	<u>\$294,524</u>	<u>\$209,042</u>
 Fund Balances		
Unreserved Special Revenue Fund	<u>\$3,102,381</u>	<u>\$3,489,250</u>
Total Fund Balance	<u>\$3,102,381</u>	<u>\$3,489,250</u>
Total Liabilities and Fund Balance	<u>\$3,396,905</u>	<u>\$3,698,292</u>

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

Total Fund Balances for Governmental Funds	\$3,102,381	\$3,489,250
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	3,548,476	3,476,274
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds. This consists of compensated absences.	<u>(148,393)</u>	<u>(124,667)</u>
Net Assets of Governmental Activities	<u>\$6,502,464</u>	<u>\$6,840,857</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2009

	Year Ended June 30, 2008			Year Ended June 30, 2009		
	Special Fund 0290	Millennium Fund 0499	Total Governmental Funds	Special Fund 0290	Millennium Fund 0499	Total Governmental Funds
REVENUES						
Health and Professional Services	\$743,816	\$50,500	\$794,316	\$699,745	\$50,100	\$749,845
Interest / Income on Investments	174,123	0	174,123	140,281	0	140,281
Federal Grants	2,105,736	0	2,105,736	2,223,535	0	2,223,535
State Grants	146,087	0	146,087	106,103	0	106,103
City/County Grants	691,882	0	691,882	712,640	0	712,640
Rent and Lease Income	34,290	0	34,290	37,115	0	37,115
General Fund Support	935,900	0	935,900	919,400	0	919,400
Total Revenues	<u>\$4,831,834</u>	<u>\$50,500</u>	<u>\$4,882,334</u>	<u>\$4,838,819</u>	<u>\$50,100</u>	<u>\$4,888,919</u>
EXPENDITURES						
Current						
Administration and Board of Health	\$157,476	\$0	\$157,476	\$160,052	\$0	\$160,052
Physical Health	1,989,777	0	1,989,777	1,998,903	0	1,998,903
Environmental Health	592,011	0	592,011	591,650	0	591,650
Health Education	995,807	50,500	1,046,307	1,027,979	50,100	1,078,079
General Support	747,011	0	747,011	612,855	0	612,855
Capital Outlay	230,495	0	230,495	60,511	0	60,511
Total Expenditures	<u>\$4,712,577</u>	<u>\$50,500</u>	<u>\$4,763,077</u>	<u>\$4,451,950</u>	<u>\$50,100</u>	<u>\$4,502,050</u>
Excess (Deficiency) of Revenues						
Over Expenditures - Net Change in Fund Balance	\$119,257	\$0	\$119,257	\$386,869	\$0	\$386,869
Beginning Fund Balance, as restated	2,983,125	0	2,983,125	3,102,382	0	3,102,382
Ending Fund Balance	<u>\$3,102,382</u>	<u>\$0</u>	<u>\$3,102,382</u>	<u>\$3,489,251</u>	<u>\$0</u>	<u>\$3,489,251</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	FY 2008	FY 2009
Net Change in Fund Balances for Total Governmental Funds	\$119,257	\$386,869
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense.		
Depreciation expense was less than capital outlays in the FY 08 and FY 09 by the following amounts:		
Capital Outlay	230,495	60,511
Depreciation Expense	(131,620)	(132,714)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences.		
	14,189	23,726
Change in Net Assets of Governmental Activities	<u>\$232,321</u>	<u>\$338,392</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The Health District is not a State agency. In determining how to define the North Central District Health Department (II) for financial reporting purposes, management has considered all potential component units in accordance with GASB Statement 14. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (e.g. the Statement of Net Assets and the Statement of Activities) report information on all activities of North Central District Health Department. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The statement of net assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories:

- Investments in capital assets are net of accumulated depreciation and reduced by any outstanding debt.
- Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients for goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program revenues are reported as general revenue. Immaterial differences in the statements are due to rounding.

Separate financial statements are provided for governmental funds. Individual government funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recorded as they become susceptible to accrual, generally when they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of services, interest, and federal grant

expenditures are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

The District's primary governmental fund cash and cash equivalents are considered to be cash on hand and are on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is identified in Note 2.

Accounts Receivable

The accounts receivable are from reimbursements from county contributions, federal grants, and client accounts.

Inventories and Prepaids

The District applies the purchase method of accounting for inventory and prepaid expenses. Inventory expensed using the purchase method is not significant and does not require disclosure on the balance sheet.

Interagency Receivables and Payables

Interagency receivables and payables are funds due to and from state agencies for contract services. The transfers are usually completed monthly.

Capital Assets

Purchased capital assets are reported at cost or, if the assets are donated, at market value at date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. The capitalization threshold for intangible assets is \$200,000, which applies to assets such as software, water rights, and easements. Depreciation is recorded by use of the straight-line method, beginning the first of the month the asset is acquired. The value of each asset is reduced by equal amounts over its estimated useful life as follows:

Estimated useful life (years):

Equipment	3 – 30
Building/Improvements	10 – 50
Vehicles	5

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note 5.

REVENUES AND EXPENDITURES/EXPENSES

In the government-wide statement of activities, revenues and expenses are segregated by activity and then by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants

and contributions. General revenues include General Fund appropriation, county contributions, and interest.

In the governmental fund financial statements, revenues are reported by source and expenditures are reported by functions.

SHORT-TERM DEBT

For the fiscal years ending June 30, 2008 and 2009 there was no short term-debt activity, and no short-term debt outstanding.

RESTATEMENTS

1. CHANGES IN ACCOUNTING PRINCIPLE

Change of Depreciation Method: The beginning balance of depreciable net assets was restated at 7/1/07 to reflect a change in accounting principle. The change eliminated the 20% salvage value, and initiated depreciation in the month of purchase. Under the old method depreciation was not started until the year after acquisition. The new method is preferable as it better matches depreciation expense to the period of benefit. Accumulated depreciation at 7/1/07 was restated for a total increase of \$58,257.

Prepaid Expenses: The beginning balance of prepaid expense was restated to comply with a change in accounting principle to the purchase method. Prepaid expense is not significant, and under the purchase method does not require balance sheet recognition. The closed beginning balance of prepaid expense was restated by \$4,323, and the fund balance was restated by \$4,323.

2. PRIOR PERIOD ADJUSTMENT

County Contribution Accrual: The beginning balance of accounts receivable was restated to reflect a prior period adjustment for the county pledge. Historically the county contribution was reported as cash, plus any outstanding county receivables recorded at 6/30/09. The change is to comply with GASB Statement 33, par. 24, which states in part..."the applicable period for both the provider and the recipients is the provider's fiscal year and begins on the first day of that year...The entire award should be recognized at that time." The closed beginning balance of accounts receivable for 2007 was restated by \$232,957; and the fund balance was restated by \$232,957.

The net effect of these two restatements on the closed beginning fund balance for 2007 was to increase it by \$228,635.

NOTE 2. CASH AND INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The idle fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Section 67-1210 and 67-1210A. Participation in the pool is involuntary.

The District also participates in the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). Both are external investment pools sponsored by the State

Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pools' financial statements, is available from the Office of the State Controller, Bureau of Reporting and Review, P. O. Box 83720, Boise, ID 83720-0011.

Idaho Code restricts the State Treasurer to certain types of investments.

Credit Risk

	June 30, 2008	June 30, 2009
Local Government Investment Pool	AAAF fund credit quality rating and an S1+ volatility rating by Standard & Poor's Ratings Services.	AAAF fund credit quality rating and an S1+ volatility rating by Standard & Poor's Ratings Services.
Diversified Bond Fund	AAAF fund credit quality rating and an S2 volatility rating by Standard & Poor's Ratings Services.	AAAF fund credit quality rating and an S2 volatility rating by Standard & Poor's Ratings Services.

Interest Rate Risk

The following schedule represents the District's investments at fair value in the external investment pool, and a distribution of the pool's maturities at June 30, 2008, and 2009:

Investments at Fair Value		
	June 30, 2008	June 30, 2009
Local Government Investment Pool	859,089	866,657
Diversified Bond Fund	1,934,371	2,257,084
Total	\$2,793,460	\$3,123,741

Weighted Average Maturity		
	June 30, 2008	June 30, 2009
Local Government Investment Pool	67 days	58 days
Diversified Bond Fund	4.6 years	2.8 years

The Health District has no formal investment policies to mitigate credit risk or interest rate risk.

NOTE 3. COMPENSATED ABSENCES

The Health District as a separate political subdivision has elected to follow State rules on compensated absences.

The Health District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time" since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime there are three general classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave.
2. Overtime for those eligible for payment.

As of June 30, 2008 and 2009, the following compensated absences have been accrued by employees of the District. These amounts are accrued in the government-wide financial statements. A liability for the amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement. Compensated absences are paid from the District's main operating fund.

FY 2008

<u>Changes to Compensated Absences</u>	
Beginning Balance July 1, 2007	\$162,582
Increases	165,836
Decreases	<u>(180,025)</u>
Ending Balance June 30, 2008	<u>\$148,393</u>

The District estimates the amount due within one year is \$148,393.

FY 2009

<u>Changes to Compensated Absences</u>	
Beginning Balance July 1, 2008	\$148,393
Increases	128,473
Decreases	<u>(152,199)</u>
Ending Balance June 30, 2009	<u>\$124,667</u>

The District estimates the amount due within one year is \$124,667.

NOTE 4: PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI) was created by the Idaho State Legislature and administers the PERSI Base Plan and the PERSI Choice Plan. The Base Plan is a cost sharing, multiple-employer defined benefit retirement plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. For the years ended June 30, 2007, 2008, and 2009, district contributions required and paid were \$227,283, \$219,934, and \$215,577, respectively.

The PERSI Choice Plan is a defined contribution retirement plan. The defined contribution plan includes the 401(k) and the 414(k). Statutes governing the PERSI Choice Plan are found in Idaho Code Title 59, Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan.

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires twelve months of active PERSI membership as defined in Idaho statutes and PERSI rules. The assets of the 401(k) and the 414(k) are commingled for investment and record keeping purposes. The other significant accounting policies are the same as the PERSI Base Plan.

Participants in the 401(k) plan can make tax deferred contributions up to 100 percent of their gross salary less deductions and subject to the IRS annual contribution limit. Participants direct their own investment mix without restriction and may elect to change their deferral every pay period. For the audit period no voluntary employer matching contributions have been made.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2008 and 2009 is as follows:

	Balances at July 1, 2007 as Restated	Increases	Decreases	Balances at June 30, 2008
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$545,455	\$0	\$0	\$545,455
Total Capital Assets Not Being Depreciated	\$545,455	\$0	\$0	\$545,455
Capital Assets Being Depreciated:				
Buildings and Improvements	\$3,458,584	\$207,916	\$0	\$3,666,500
Equipment	134,950	6,694	0	141,644
Vehicles	187,918	15,886	21,741	182,063
Total Capital Assets Being Depreciated	\$3,781,452	\$230,496	\$21,741	\$3,990,207
Less Accumulated Depreciations				
Buildings and Improvements	(\$672,821)	(\$94,720)	\$0	(\$767,541)
Equipment	(69,262)	(15,570)	0	(84,832)
Vehicles	(135,224)	(21,330)	(21,741)	(134,813)
Total Accumulated Depreciation	(\$877,307)	(\$131,620)	(\$21,741)	(\$987,186)
Total Capital Assets Being Depreciated, Net	\$2,904,145	\$98,876	\$0	\$3,003,021
Governmental Activities Capital Assets, Net	\$3,449,600	\$98,876	\$0	\$3,548,476

	Balances at July 1, 2008 as Restated	Increases	Decreases	Balances at June 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$545,455	\$0	\$0	\$545,455
Total Capital Assets Not Being Depreciated	\$545,455	\$0	\$0	\$545,455
Capital Assets Being Depreciated:				
Buildings and Improvements	\$3,666,500	\$14,952	\$0	\$3,681,452
Equipment	141,644	29,673	0	171,317
Vehicles	182,063	15,886	0	197,949
Total Capital Assets Being Depreciated	\$3,990,207	\$60,511	\$0	\$4,050,718
Less Accumulated Depreciations				
Buildings and Improvements	(\$767,541)	(\$104,445)	\$0	(\$871,986)
Equipment	(84,832)	(13,110)	0	(97,942)
Vehicles	(134,813)	(15,159)	0	(149,972)
Total Accumulated Depreciation	(\$987,186)	(\$132,714)	\$0	(\$1,119,900)
Total Capital Assets Being Depreciated, Net	\$3,003,021	(\$72,203)	\$0	\$2,930,818
Governmental Activities Capital Assets, Net	\$3,548,476	(\$72,203)	\$0	\$3,476,273

Capital assets, including equipment and property, are reported at cost when constructed or purchased. If acquired by gift, capital assets are recognized at fair value on the date of the gift. Repair and maintenance expense is charged to operating expense as it is incurred.

Depreciation is charged to General Support. For the years ending June 30, 2008 and 2009 depreciation expense was \$131,620, and \$132,714, respectively.

The beginning balance of depreciable net assets was restated at 7/1/07 to reflect a change in accounting principle. Accumulated depreciation at 7/1/07 was restated for a total increase of \$58,257.

NOTE 6: OPERATING LEASES

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures in the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2008 and 2009 were \$22,786 and \$22,510, respectively.

Future minimum lease commitments for non-cancelable operating leases as of June 30, 2009 are:

<u>Fiscal Year</u>	
2010	\$20,702
2011	20,436
2012	4,337
2013	4,337
2014	<u>1,446</u>
TOTAL	<u>\$51,258</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State	\$935,900	\$935,900	\$935,900	\$0
County	691,883	691,883	683,776	(8,107)
Contracts	2,240,224	2,240,224	2,420,897	180,673
Fees	830,460	830,460	687,923	(142,537)
Interest	80,000	80,000	131,139	51,139
Rent Income	34,260	34,260	0	(34,260)
Reserve	168,060	168,060	34,290	(133,770)
	<u>\$4,980,787</u>	<u>\$4,980,787</u>	<u>\$4,893,925</u>	<u>(\$86,862)</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	\$20,307
Change in Accounts Receivable	64,000
Change in Deferred Revenue	(138,882)
Unrecognized Gain on Investments	42,984
Total GAAP Revenues	<u>\$4,882,334</u>

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$3,233,455	\$3,233,455	\$3,007,902	\$225,553
Operating	1,087,332	1,087,332	1,113,805	(26,473)
Capital Outlay	150,000	150,000	230,495	(80,495)
Trustee Benefits	510,000	510,000	377,263	132,737
Total Expenditures	<u>\$4,980,787</u>	<u>\$4,980,787</u>	<u>\$4,729,465</u>	<u>\$251,322</u>

Reconciliation to GAAP Basis Expenditures:

Change in Accounts Payable	\$5,128
Change in Payroll Payable	28,484
Total GAAP Expenditures	<u>\$4,763,077</u>

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State	\$985,100	\$985,100	\$919,400	(\$65,700)
County	712,639	712,639	702,613	(10,026)
Contracts	1,893,389	2,228,389	2,321,911	93,522
Fees	704,357	704,357	681,458	(22,899)
Interest	80,000	80,000	98,116	18,116
Rent Income	36,320	36,320	37,115	795
Reserve	203,423	203,423	0	(203,423)
	<u>\$4,615,228</u>	<u>\$4,950,228</u>	<u>\$4,760,613</u>	<u>(\$189,615)</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	(\$33,535)
Change in Accounts Receivable	28,313
Change in Deferred Revenue	91,363
Unrealized Gain on Investments	42,165
Total GAAP Revenues	<u>\$4,888,919</u>

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Personnel Costs	\$3,303,029	\$3,303,029	\$2,992,002	\$311,027
Operating	1,002,199	1,002,199	955,608	46,591
Capital Outlay	95,000	95,000	60,511	34,489
Trustee Benefits	215,000	550,000	488,048	61,952
Total Expenditures	<u>\$4,615,228</u>	<u>\$4,950,228</u>	<u>\$4,496,169</u>	<u>\$454,059</u>

Reconciliation to GAAP Basis Expenditures:

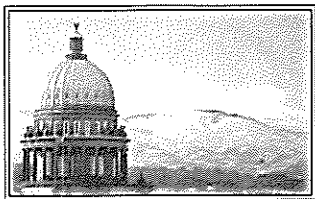
Change in Accounts Payable	\$8,467
Change in Payroll Payable	(2,586)
Total GAAP Expenditures	<u>\$4,502,050</u>

The accompanying notes are an integral part of these financial schedules.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET COMMITTEE

The chairmen of the boards of county commissioners located within the Public Health District serve as the Budget Committee of the Public Health District. The District Board will submit the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the Public Health District shall be approved by a majority of the Budget Committee. Any adjustments of the budget are approved by the Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 25, 2010

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance
with Government Auditing Standards

Carol Moehrle, Director
North Central District Health Department (II)
215 10th Street
Lewiston, ID 83501

Gary Morris, Chair
District II Board of Health
215 10th Street
Lewiston, ID 83501

Dear Ms. Moehrle and Mr. Morris:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of North Central District Health Department (II) as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

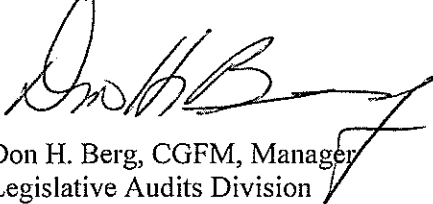
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

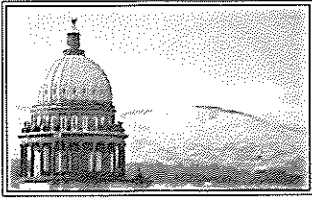
We noted certain other matters that we have reported to the management of the District in a separate letter.

This report is intended solely for the information and use of the State of Idaho, North Central District Health Department (II), and the District's Board, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a stylized flourish extending from the end of the signature.

Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 25, 2010

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance with OMB Circular A-133

Carol Moehrle, Director
North Central District Health Department (II)
215 10th Street
Lewiston, ID 83501

Gary Morris, Chair
District II Board of Health
215 10th Street
Lewiston, ID 83501

Dear Ms. Moehrle and Mr. Morris:

Compliance

We have audited the compliance of North Central District Health Department (II) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

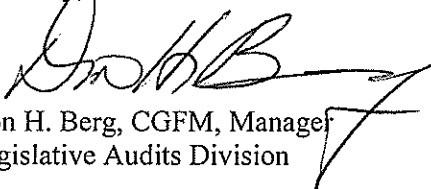
The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of North Central District Health Department (II), and the federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,


Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 and 2009

Federal Grantor/ Program Title	Federal CFDA Number	Contract Number	Pass- Through Entity*	Contract Amount	Federal Exp. FY 2008	Federal Exp. FY 2009	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
WIC Administration	10.557	HC557400	1	\$240,365	\$12,346	\$0	\$12,346
WIC Administration	10.557	HC557400	1	285,521	254,518	30,363	284,881
WIC Administration	10.557	HC626100	1	296,299	0	296,270	296,270
Total CFDA 10.577					\$266,864	\$326,633	\$593,497
TOTAL U.S. DEPARTMENT OF AGRICULTURE					\$266,864	\$326,633	\$593,497
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
HOPWA(Housing for People with Aids)	14.241	HOPWA-06-03	3	10,861	\$758	\$0	\$758
Total CFDA 14.241					\$758	\$0	\$758
TOTAL U.S. HOUSING AND URBAN DEVELOPMENT					\$758	\$0	\$758
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>							
Public Drinking Water	66.432	S159	5	90,660	\$42,511	\$48,149	\$90,660
Total CFDA 66.432					\$42,511	\$48,149	\$90,660
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					\$42,511	\$48,149	\$90,660
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Medical Reserve Corps	93.008		4	10,000	\$1,015	\$8,134	\$9,149
Total CFDA 93.008					\$1,015	\$8,134	\$9,149
Refugee Health Programs	93.576	90RX0186/01	2	120,000	\$60,000	\$60,000	\$120,000
Total CFDA 93.576					\$60,000	\$60,000	\$120,000
Tuberculosis - Direct Observed Therapy	93.116	HC567400	1	5,200	\$2,166	\$0	\$2,166
Tuberculosis - Direct Observed Therapy	93.116	HC597400	1	6,879	204	3,344	3,548
Tuberculosis - Direct Observed Therapy	93.116	HC631600	1	6,663	0	1,187	1,187
Total CFDA 93.116					\$2,370	\$4,531	\$6,901
Family Planning	93.217	HC575800	1	118,514	\$118,514	\$0	\$118,514
Family Planning	93.217	HC604700	1	107,353	0	113,547	113,547
Total CFDA 93.217					\$118,514	\$113,547	\$232,061
Asthma	93.283	HC583600	1	28,000	\$14,000	\$12,551	\$26,551
Comprehensive Cancer Control	93.283	HC571900	1	17,000	17,000	0	17,000
Comprehensive Cancer Control	93.283	HC604000	1	35,250	0	17,625	17,625
Epidemiology - West Nile Virus	93.283	HC574200	1	2,000	1,700	0	1,700
Epidemiology - West Nile Virus	93.283	HC605900	1	3,000	769	1,272	2,041
Epidemiology - West Nile Virus	93.283	HC639600	1	3,850	0	491	491
Women's Health Check	93.283	HC571400	1	27,370	19,516	0	19,516
Women's Health Check	93.283	HC607200	1	21,230	0	21,230	21,230
Tobacco Prevention	93.283	HC504400	1	123,217	40,681	27,493	68,174
Tobacco Prevention	93.283	HC635400	1	67,538	0	10,333	10,333
Bioterrorism Preparedness Plan - Focus A	93.283	HC556600	1	367,919	70,488	0	70,488
Bioterrorism Preparedness Plan - Focus A	93.283	HC588200	1	308,879	261,081	47,798	308,879
Bioterrorism Preparedness Plan - Focus A	93.283	HC612600	1	297,982	0	273,150	273,150
Bioterrorism Epidemiology	93.283	HC560900	1	163,085	30,064	0	30,064
Bioterrorism Epidemiology	93.283	HC590300	1	132,273	110,213	11,308	121,521
Bioterrorism Epidemiology	93.283	HC615500	1	129,600	0	127,331	127,331

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 and 2009

Federal Grantor/ Program Title	Federal CFDA Number	Contract Number	Pass- Through Entity*	Contract Amount	Federal Exp. FY 2008	Federal Exp. FY 2009	Total Federal Expenditures
Pandemic Flu Planning	93.283	HC587300	1	\$100,000	85,745	13,314	99,059
Pandemic Flu Planning	93.283	HC539700	1	175,078	33,973	0	33,973
Bioterrorism Preparedness Exercise	93.283	HC556600	1	22,000	4,874	0	4,874
Total CFDA 93.283					\$690,104	\$563,896	\$1,254,000
Immunizations - Registry	93.558	HC500100	1	13,274	\$13,274	\$0	\$13,274
Immunizations - Registry	93.558	HC595200	1	24,864	24,864	0	24,864
Immunizations - Registry	93.558	HC610100	1	34,992	0	34,992	34,992
Total CFDA 93.558					\$38,138	\$34,992	\$73,130
Refugee Assistance	93.566	WC047600	1	112,000	\$39,864	\$0	\$39,864
Refugee Assistance	93.566	WC059100	1	505,000	115,393	225,244	340,637
Total CFDA 93.566					\$155,257	\$225,244	\$380,501
Child Care	93.575	WC055900	1	311,130	\$62,136	\$56,736	\$118,872
Total CFDA 93.575					\$62,136	\$56,736	\$118,872
Child Find	93.778	2C088700	1	73,260	\$37,000	\$36,260	\$73,260
Total CFDA 93.778					\$37,000	\$36,260	\$73,260
Health Resources Services Administration(HRSA)	93.889	HC556000	1	199,927	\$119,927	\$0	\$119,927
Health Resources Services Administration(HRSA)	93.889	HC589400	1	299,939	287,918	12,021	299,939
ASPR (Hospital Preparedness) Allotment VII	93.889	HC613200	1	266,643	0	259,175	259,175
ASPR VII Medical Reserve Corp	93.889	HC613200	1	13,200	0	4,971	4,971
Health Resources Services Administration(HRSA)	93.889	HC556000	1	82,177	17,331	0	17,331
Total CFDA 93.889					\$425,176	\$276,167	\$701,343
Ryan White HIV Case Management	93.917	HC 449700	1	56,694	\$1,799	\$0	\$1,799
Total CFDA 93.917					\$1,799	\$0	\$1,799
HIV Prevention Intervention	93.940	HC533900	1	29,300	\$2,400	\$0	\$2,400
HIV Prevention	93.940	HC490800	1	54,528	7,669	0	7,669
HIV Prevention	93.940	HC599400	1	9,729	4,490	5,240	9,730
HIV Prevention	93.940	HC633700	1	18,098	0	5,540	5,540
Total CFDA 93.940					\$14,559	\$10,780	\$25,339
HIV Surveillance	93.944	HC598100	1	3,500	\$78	\$496	\$574
HIV Surveillance	93.944	HC630800	1	3,500	0	1,103	1,103
Total CFDA 93.944					\$78	\$1,599	\$1,677
Sexually Transmitted Disease	93.977	HC490800	1	53,820	\$10,095	\$0	\$10,095
Sexually Transmitted Disease	93.977	HC599400	1	20,981	10,491	10,491	20,982
Sexually Transmitted Disease	93.977	HC633700	1	18,098	0	9,608	9,608
Total CFDA 93.977					\$20,586	\$20,099	\$40,685
Risk Reduction - Diabetes	93.988	HC569600	1	17,500	\$16,409	\$0	\$16,409
Risk Reduction - Diabetes	93.988	HC569600	1	17,500	4,652	12,848	17,500
Risk Reduction - Diabetes	93.988	HC657900	1	57,000	0	2,764	2,764
Total CFDA 93.988					\$21,061	\$15,612	\$36,673

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
NORTH CENTRAL DISTRICT HEALTH DEPARTMENT (II)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 and 2009

Federal Grantor/ Program Title	Federal CFDA Number	Contract Number	Pass- Through Entity*	Contract Amount	Federal Exp. FY 2008	Federal Exp. FY 2009	Total Federal Expenditures
Injury Prevention	93.991	HC563200	1	\$36,000	\$9,713	\$0	\$9,713
Injury Prevention	93.991	HC593300	1	39,000	29,444	9,556	39,000
Injury Prevention	93.991	HC563200	1	36,000	0	36,820	36,820
Total CFDA 93.991					\$39,157	\$46,376	\$85,533
Epidemiology - MCH	93.994	HC562600	1	21,631	\$8,471	\$0	\$8,471
Epidemiology - MCH	93.994	HC585900	1	20,802	8,902	11,900	20,802
Epidemiology - MCH	93.994	HC623400	1	20,600	0	17,753	17,753
Family Planning - MCH	93.994	HC591200	1	81,050	81,050	0	81,050
Family Planning - MCH	93.994	HC627800	1	241,599	0	77,192	77,192
Oral Health	93.994	HC592200	1	47,971	25,007	22,964	47,971
Total CFDA 93.994					\$123,430	\$129,809	\$253,239
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$1,810,380	\$1,603,782	\$3,414,162
TOTAL CASH EXPENDITURES					\$2,120,513	\$1,978,564	\$4,099,077
WIC Food Vouchers	10.557		1		\$1,321,135	\$1,355,558	\$2,676,693
Value of Contraceptives	93.217		1		86,477	65,364	151,841
TOTAL NON-CASH EXPENDITURES					\$1,407,612	\$1,420,922	\$2,828,534
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$3,528,125	\$3,399,486	\$6,927,611

*Pass Through Entities

1. State of Idaho, Department of Health and Welfare
2. Direct Award
3. Idaho Housing and Finance Association
4. National Association of County and City Health Officials (NACCHO)
5. State of Idaho, Department of Environmental Quality

The accompanying notes are an integral part of these financial schedules.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE 2. WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls un-issued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal year 2008 and 2009 was \$1,321,135 and \$1,355,558, respectively.

NOTE 3. VALUE OF CONTRACEPTIVES

The District provides contraceptives on a sliding fee scale to eligible clients of the federally funded Reproductive Health Clinic. The Idaho Department of Health and Welfare purchases the contraceptives and supplies them to the District as needed. The value of the contraceptives during fiscal years 2008 and 2009 was \$86,477 and \$65,364, respectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements did not disclose a significant deficiency that was considered a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133*.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557
Family Planning	93.217
Refugee Assistance	93.566

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. North Central District Health Department (II) did not qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

AGENCY RESPONSE



Public Health

Idaho North Central District

Nez Perce County

215 10th Street
Lewiston, ID 83501
(208) 799-3100
Fax (208) 799-0349

Latah County

333 E Palouse River Drive
Moscow, ID 83843
(208) 882-7506
Fax (208) 882-3494

Clearwater County

105 115th Street
Orofino, ID 83544
(208) 476-7850
Fax (208) 476-7494

Idaho County

903 West Main
Grangeville, ID 83530
(208) 983-2842
Fax (208) 983-2845

Lewis County

132 N Hill Street
P O Box 277
Kamiah, ID 83536
(208) 935-2124
Fax (208) 935-0223

May 4, 2010

Eugene Sparks, CPA, CGFM, Managing Auditor
Legislative Services Audit
P.O. Box 83720
Boise, Idaho 83720-0054

Re: Audit of FY 2008, and 2009

Dear Mr. Sparks:

I would like to thank your staff, In Charge Auditor Kathleen Watkins, Staff Auditor Elizabeth Yturralde, and Staff Auditor Wade Kimball for their professionalism during the single audit for Public Health – Idaho North Central District. We have reviewed the draft of your Individual Entity Audit Report over Fiscal Years 2008, and 2009 and concur with the report.

This office will continue to strive to operate in an efficient manner, to serve the citizens of Idaho.

Sincerely,

Carol M. Moehrle
Director

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In the North Central District Health Department (II), the counties designated were Clearwater, Idaho, Latah, Lewis, and Nez Perce. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for district health departments to use the Idaho Administrative Procedures Act for fees and rules.
- 2007 – Legislation changing Idaho Code, Section 39-412 to reflect a change in the compensation of Board members, to reference Idaho Code, Section 59-509(I)
- 2007 – Legislation changing Idaho Code, Section 39-411 composition of Districts' Boards of Health to allow those Districts comprised of eight counties to consist of not less than eight members and no more than nine members.
- 2008 – Legislation changing Idaho Code, Section 39-414 to change the language "For purposes of this chapter, a Public Health District is not a subdivision of the state and is considered an independent body corporate and politic, in terms of negotiating long term debt financing."

PURPOSE

The purpose of the North Central District Health Department (II) is to prevent disease, disability, and premature death; promote healthy lifestyles; and protect and promote the health and quality of an environment in which people can be healthy.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by a seven-member board appointed by the county commissioners of the counties served. Board members serve staggered five-year terms, and are reimbursed \$75 per working day plus all necessary travel expenses. The board appoints a director to administer and manage day-to-day activities of the District. Physicians and pharmacists provide medical consulting services to the District.

The District is organized into six major sections:

1. Management Services – Provides support to the District's other sections (budget, accounting, and government services).
2. Family and Children's Health Services – Provides services related to WIC (Women, Infants, and Children's nutrition program), child health services, and school health.
3. Environmental Health – Provides services related to drinking water protection, food inspections, septic system inspections, and child care facility inspections.

4. Community Health – Provides health education and promotion to the public related to dental care, diabetes, asthma, tobacco control, preparedness, and epidemiology.
5. Clinical Services – Provides services related family planning, immunizations, tuberculosis (TB), sexually transmitted diseases (STD), and HIV intervention.
6. General Support – Provides clerical and IT support.

The District has a central office in Lewiston, and four satellite offices in Orofino, Grangeville, Moscow, and Kamiah. An organizational chart is included at the end of this report.

STAFFING

The District has 62 employees, including 16 nurses, 2 nutritionists, 7 environmentalists, 1 dental hygienist, and 36 supporting staff members.

FUNDING

Financing for the District comes from county contributions; General Fund appropriations; Tobacco Millennium Fund appropriations; federal, State, and private contracts; fees and donations; and charges relating to use of services, equipment, and supplies. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District receives funds from contracts with the Idaho Department of Health and Welfare, cities, other governmental agencies, clients who receive public health services (e.g., client fees, donations, client insurance, Medicaid, and Medicare), and fees for environmental inspections and licenses.

Public Health – Idaho North Central District
August 14, 2009

5 Boards of County Commissioners

Board of Health

District Director
Moehle - 1001

Admin.
Supervisors
Outer Office

Human Resources/PIO
Biesecker - 1004

IT Network Analyst
Deniston - 5105

Division of Family Health
Services PH Div. Adm. 2
Waldemarson - 1101

Nurse, Adv. Pract.
Stutzman - 3100
Nurse, Adv. Pract.
Kottkey - 9002
Nurse, Adv. Pract.
Urquhart - 9002
Nurse Registered
Messenger - 3300
Nurse Registered
Rogers - 3302
Nurse Registered
Mayberry - 3351

Nutritionist Sr.
Muller - 4200
Nutritionist
Town - 9002
Clinical Assistant
Stout - 4400
Clinical Assistant
Rose - 5405
Clinical Assistant
Ownbey - 5503
Clinical Assistant
Hilmes - 6100
Clinical Assistant
Vacant - 6101
Clinical Assistant
Beamish - 6102
Clinical Assistant
Wahl - 9006

Nurse Registered
Edmison - 3305
Nurse Registered
Chamberlain - 3202
Nurse Registered
Morgan - 3306
Nurse Registered
Sickels - 3309
Nurse Registered
Sternrich - 3315
LPN
Paffle - 9002

Off. Services Super. 1
Larson - 5406

Office Spec. 2
Eck - 5401
Office Spec. 2
Vacant - 5402
Office Spec. 2
Wingfield - 5403
Office Spec. 2
Feldmann - 5404
Office Spec. 2
Matson - 5277
Office Spec. 1
Lycan - 6003
Receptionist
Blackmer - 9006
Office Specialist 2
Barton - 5103
Office Specialist 2
Vacant - 5500
Cust. Serv. Rep. 1
Wilcoxon - 5200
Cust. Serv. Rep. 1
Durst - 6001
Cust. Serv. Rep. 1
Lowber-Hally - 6002

Division of
Environmental Health
EH Director
Guenther - 1201

EHS Senior
Becker - 2001
EHS 2
Jurries - 2100
EHS 2
Helkey - 2101
EHS 2
Kerley - 2102
EHS 1
Vacant - 2103
EHS 2
Scott - 2104

Division of
Community Health
Program Manager 3
Barton - 3201

Nurse Registered
Merica - 3314
Health Ed. Specialist
Henson - 3312
Dental Hygienist
Mendenhall - 9002
Dental Assistant
Brown - 9006
Staff Epidemiologist
Larson - 3200
Admin. Assist. 1
Wood - 5100

Division of
Management Services
Finance Spec. Sr.
Hall - 1005

IS Technician
Rugg - 5102
Financial Technician
Vacant - 5800
Office Spec. 1
Erlewine - 5407
Maintenance
Baumberger - 9006
Custodian
Becker - 9006

PHP Program Manager 2
Woodbury - 1601

Nurse Registered
Moran - 3301
Planner
Dudley - 1800
Health Ed. Spec. SR.
Vacant - 3320

Director's Signature Cavel M. Moehle
Date August 14, 2009